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Report No. 06-INTEL-13
September 20, 2006

OFFICE OF THE INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE



DEPUTY INSPECTOR GENERAL FOR INTELLIGENCE

TRAILBLAZER Program Execution (U)

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Additional Information and Copies

The Office of the Deputy Inspector General for Intelligence of the Department of Defense prepared this report. If you have questions on the report, or to request additional copies, contact [redacted] at (703) 604-[redacted] or [redacted] at (410) 854-[redacted].

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Attn: Executive Officer
Inspector General of the Department of Defense
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Arlington, VA 22202-4704

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Acronyms (U)

(U) ITI Information Technology Infrastructure
(U) NSA National Security Agency
(U) [redacted]
(U) TDP Technology Demonstration Platform
(U) [redacted]

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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

September 20, 2006

MEMORANDUM FOR DIRECTOR, NATIONAL SECURITY AGENCY/CHIEF
CENTRAL SECURITY SERVICE

SUBJECT: Audit of TRAILBLAZER Program Execution (Report No. 06-INTEL-13)

(U) We are providing this report for information and use. The National Security Agency provided comments. We considered management comments on the draft of this report when preparing the final report. The complete text of the comments is in the Management Comments section of the report.

(U) Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

(U) We appreciate the courtesies extended to the staff. Questions should be directed to [redacted] at (703) 604-[redacted] or [redacted] at (410) 854-[redacted] @dodig.mil). See Appendix B for the report distribution. The team members are listed inside the back cover.

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Shelton Young
Shelton R. Young
Deputy Inspector General
for Intelligence

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~~TOP SECRET//COMINT//NOFORN//20291123~~**Office of the Inspector General of the Department of Defense****Report No. 06-INTEL-13****September 20, 2006**

(Project No. D2006-DINT02-0055.000)

TRAILBLAZER Program Execution (U)**Executive Summary (U)**

(U) Who Should Read This Report and Why? DoD, Intelligence Community, and congressional officials who are interested in the TRAILBLAZER Program should read this report. The report discusses whether the government received benefits from its multi-year investment in the TRAILBLAZER Program.

~~(S//SI//NF)~~ **Background.** In November 2000, the National Security Agency recognized that to fulfill its intelligence mission, it needed to develop capabilities to intercept and exploit new digital technologies being used on the Global Net. The National Security Agency further recognized that it needed to transform the way it conducted business. TRAILBLAZER was one of several programs initiated in November 2000 to fulfill these needs. The National Security Agency spent approximately \$696 million on the TRAILBLAZER Program from October 1, 2001, through September 30, 2005.

~~(S//SI)~~ **Results.** TRAILBLAZER encountered significant developmental problems and was unable to pass the system development and demonstration (Milestone B) phase of the DoD Acquisition process. In November 2005, when the National Security Agency management recognized that TRAILBLAZER was not going to accomplish its objectives, it restructured the program. We identified several areas in which TRAILBLAZER expenditures resulted in mission improvements; specifically, target development and [redacted] digital networks. The National Security Agency is incorporating other TRAILBLAZER technology into ongoing developmental projects.

(U) Management Comments and Audit Response. We provided a draft of this report on August 14, 2006. Although no comments were required, the Chief of Staff for the National Security Agency stated that National Security Agency "agreed" that the report fairly and accurately portrays the facts related to the TRAILBLAZER Program. National Security Agency suggested changes that would offer greater clarity to the report. We considered their comments and made changes that we deemed appropriate. See the Management Comments section for the complete text of the comments.

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Background (U)

~~(S//SI)~~ **The TRAILBLAZER Program.** In November 2000, the National Security Agency (NSA) recognized that it needed to develop capabilities to intercept and exploit new digital technologies being used on the Global Net and to transform the way it conducted business. Consequently, NSA initiated seven transformation programs, one of which was the TRAILBLAZER Program. TRAILBLAZER was to provide common services and applications for NSA general collections processing and analytical operations by integrating the tools and applications of organizational missions to a standard infrastructure.

~~(S)~~ In 2004, Congress designated all transformation programs as major defense acquisitions and designated the Under Secretary of Defense for Acquisition, Technology and Logistics as the Acquisition Decision Authority. NSA spent approximately \$696 million on the TRAILBLAZER Program from October 1, 2001, through September 30, 2005.

~~(S)~~ **Developmental Concerns.** NSA encountered significant developmental problems with TRAILBLAZER, and it was not able to complete system development and demonstration (Milestone B phase) of the DoD acquisition process. In the markups to the FY 2006 Intelligence Authorization Act, the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence concluded that TRAILBLAZER continued to struggle to define requirements, an executable schedule, and a credible program plan. On November 10, 2005, NSA received approval from the Milestone Decision Authority to restructure the program from a single, large program to an integrated set of multiple, smaller programs. Those smaller programs were designated as special interest programs within TRAILBLAZER to focus on [redacted] information management and analyst tools, information technology infrastructure, and integration and testing. However, as of June 2006, NSA had not completed specific requirements and objectives for those special interest programs.

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Objectives (U)

(U) The initial audit objective was to respond to a request from the Senate Select Committee on Intelligence to determine why the TRAILBLAZER Program was unsuccessful, what lessons should be learned, how to apportion responsibility for the program's problems, and what the Government received from its substantial multi-year investment. Because there was conflicting language from another committee, we modified the audit scope to determine only what the Government received from its investment in the TRAILBLAZER Program.

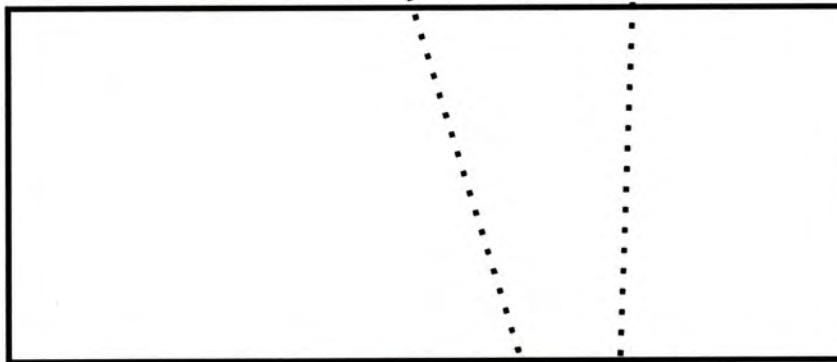
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TRAILBLAZER Program Return on Investment (U)

~~(S//SI//NF)~~ NSA spent approximately \$696 million on the TRAILBLAZER Program from FY 2002 through FY 2005 before restructuring the program. NSA spent approximately [] percent of TRAILBLAZER funds in [] projects. They were the:

- Technology Demonstration Platform (TDP),



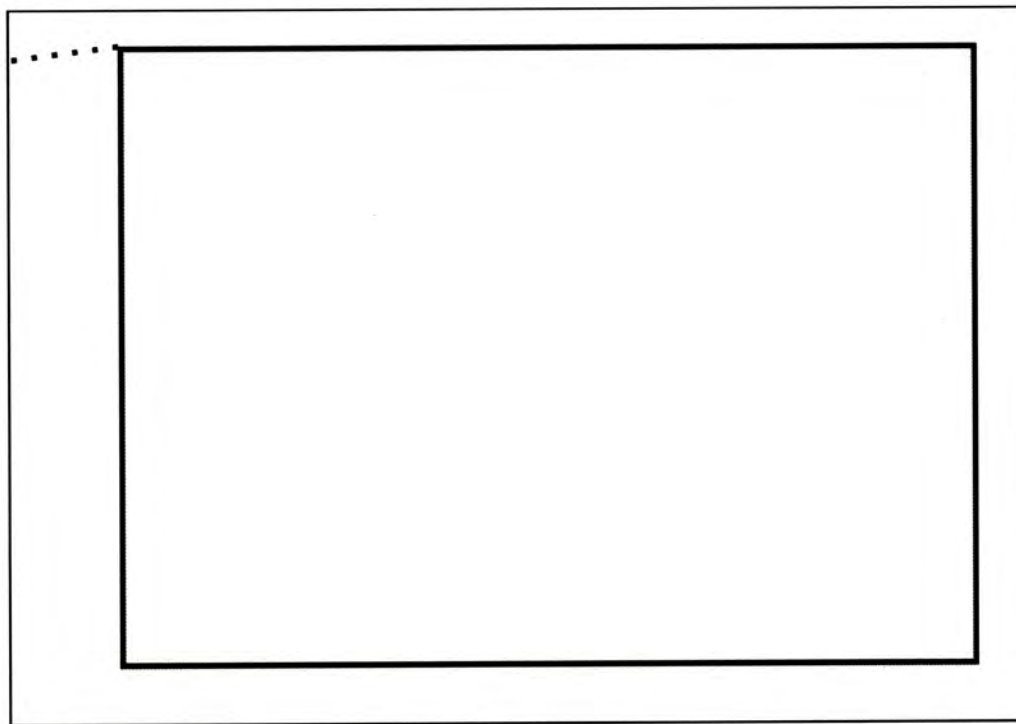
The following figure shows how NSA spent the funds among the TRAILBLAZER projects. TRAILBLAZER expenditures resulted in improvements primarily in target development and [] digital networks. NSA is incorporating other TRAILBLAZER technology into ongoing developmental projects.

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TRAILBLAZER Expenditures in millions from FY 2002 through FY 2005

~~(S//SI)~~

Technology Demonstration Platform (U)

(U//FOUO) Technology Demonstration Platform (TDP) Objectives. The TDP was to reduce technical and program risk by demonstrating, evaluating, and integrating solutions to exploit the global network, using industry capabilities, knowledge, and government core competencies. The TDP was also supposed to create strategic knowledge bases on targets and product lines as well as the data mining and discovery tools to use with those knowledge bases. In December 2004, NSA modified the TRAILBLAZER acquisition strategy to address concerns that the TDP was behind schedule, over budget, and not reducing risk sufficiently to support the Milestone B decision. NSA rescoped and renamed the TDP as

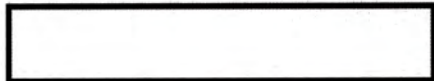
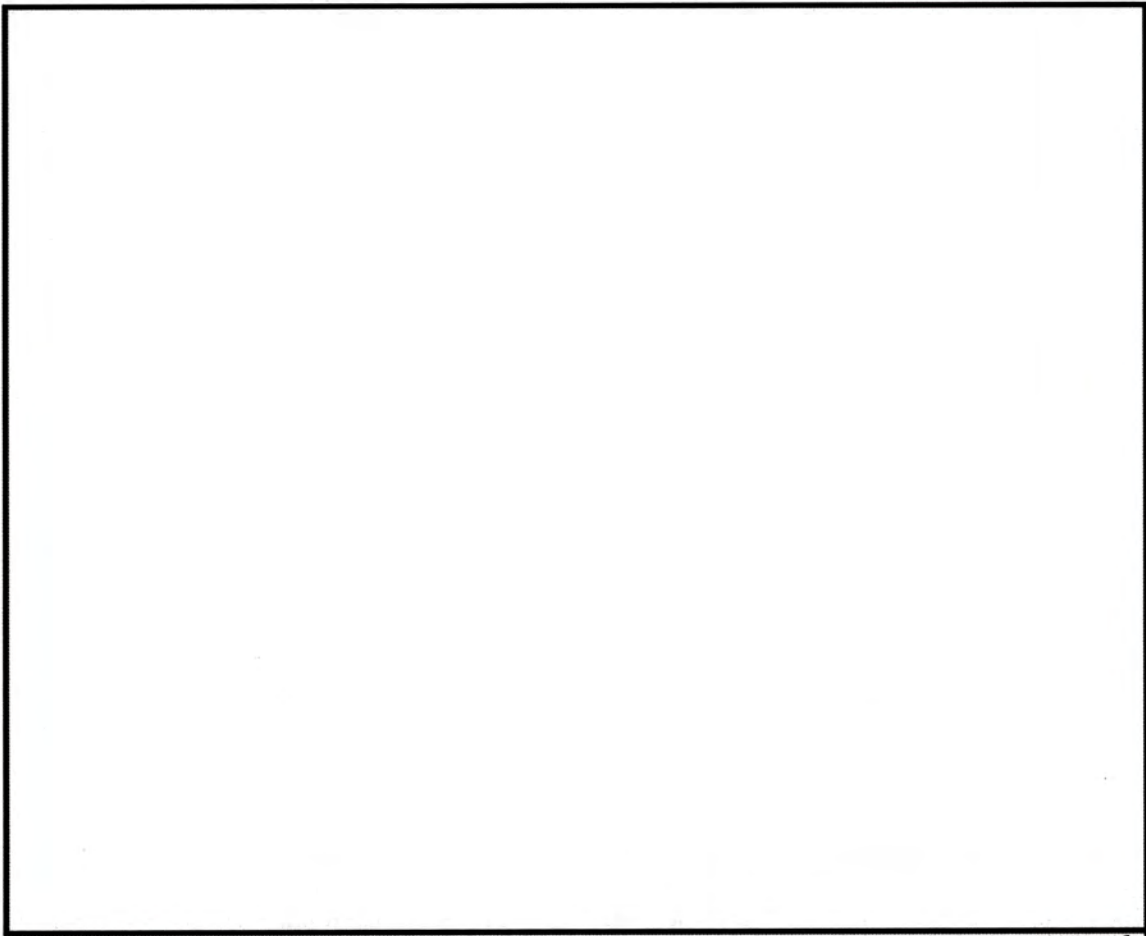
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[Redacted]

[Redacted]

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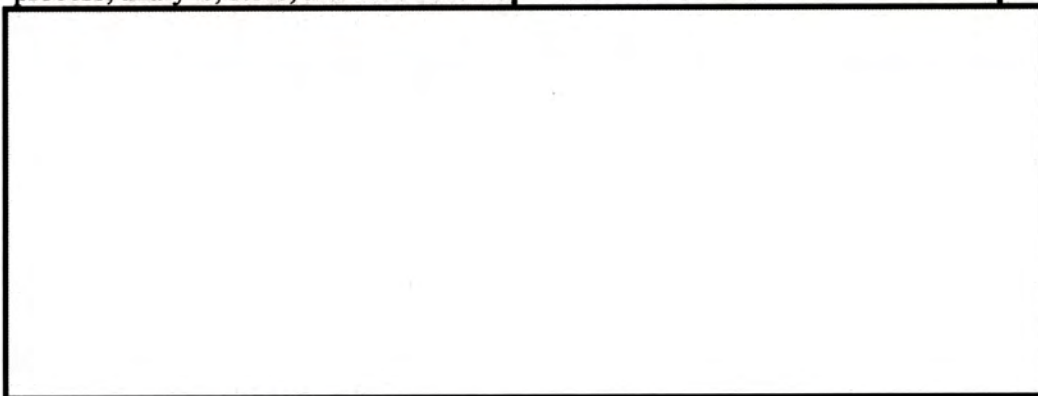


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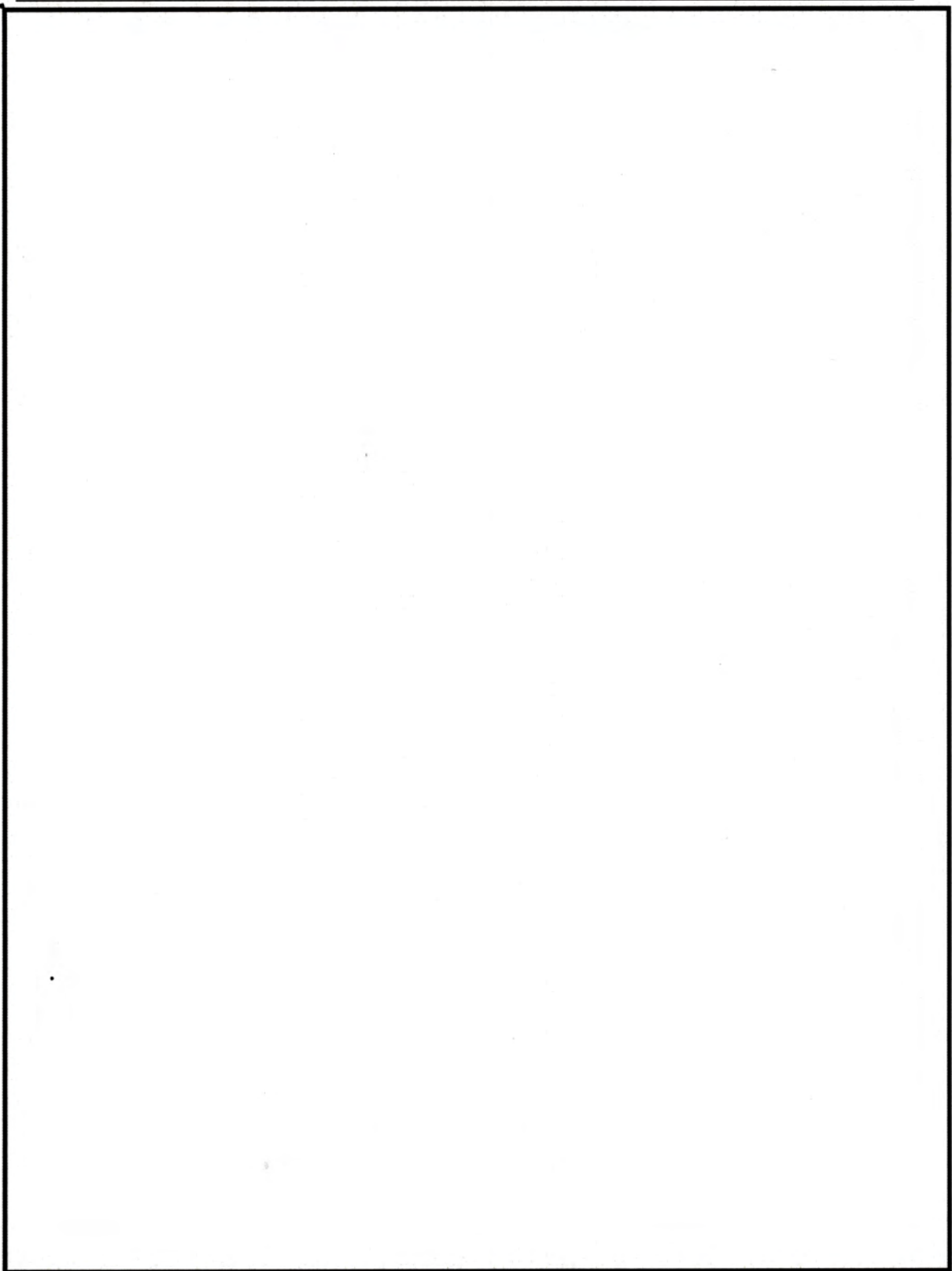
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(S//SI) NSA spent approximately [redacted] TRAILBLAZER funds from
FY 2002 to FY 2005 in developing and enhancing [redacted] to
process, analyze, store, and forward data [redacted]



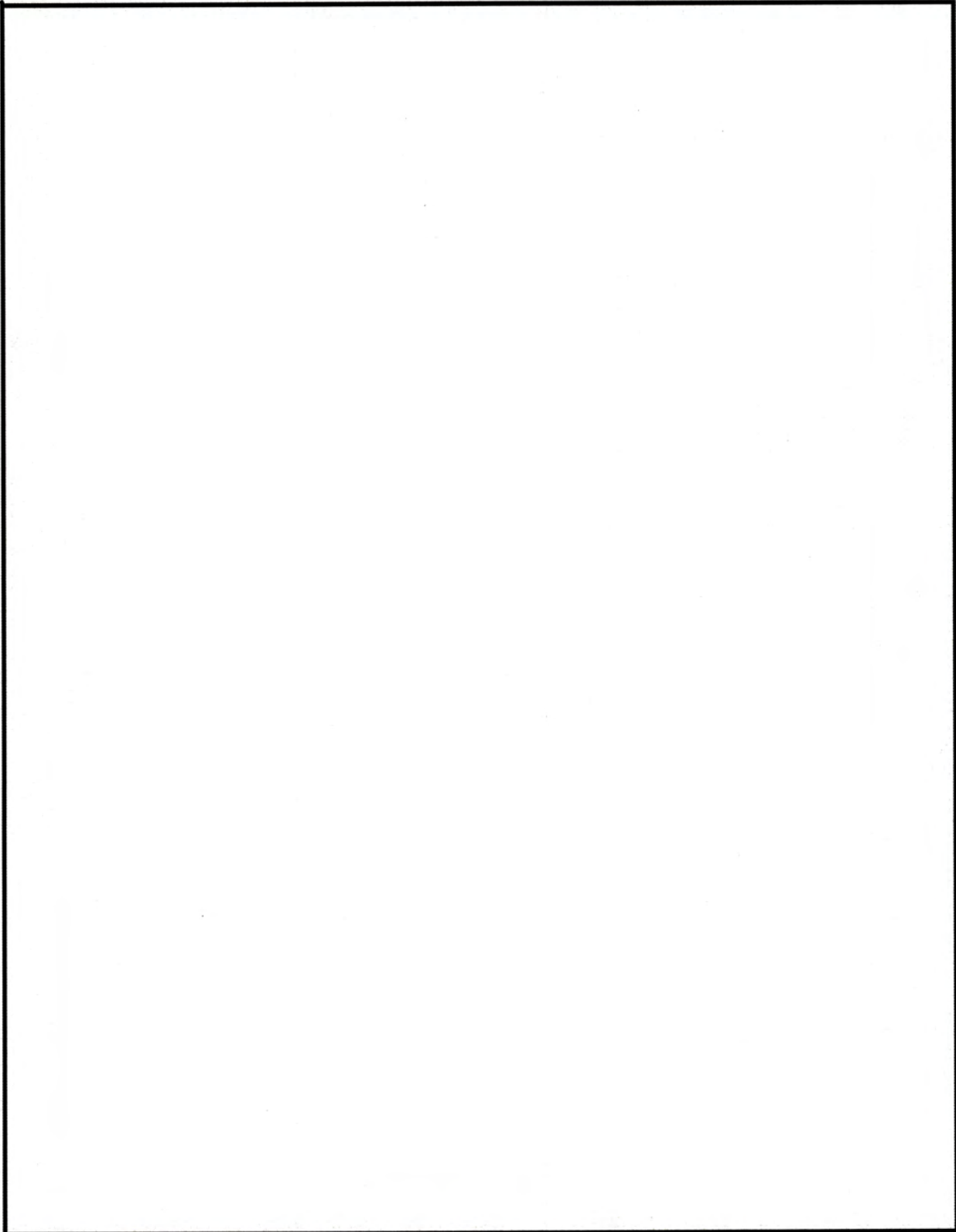
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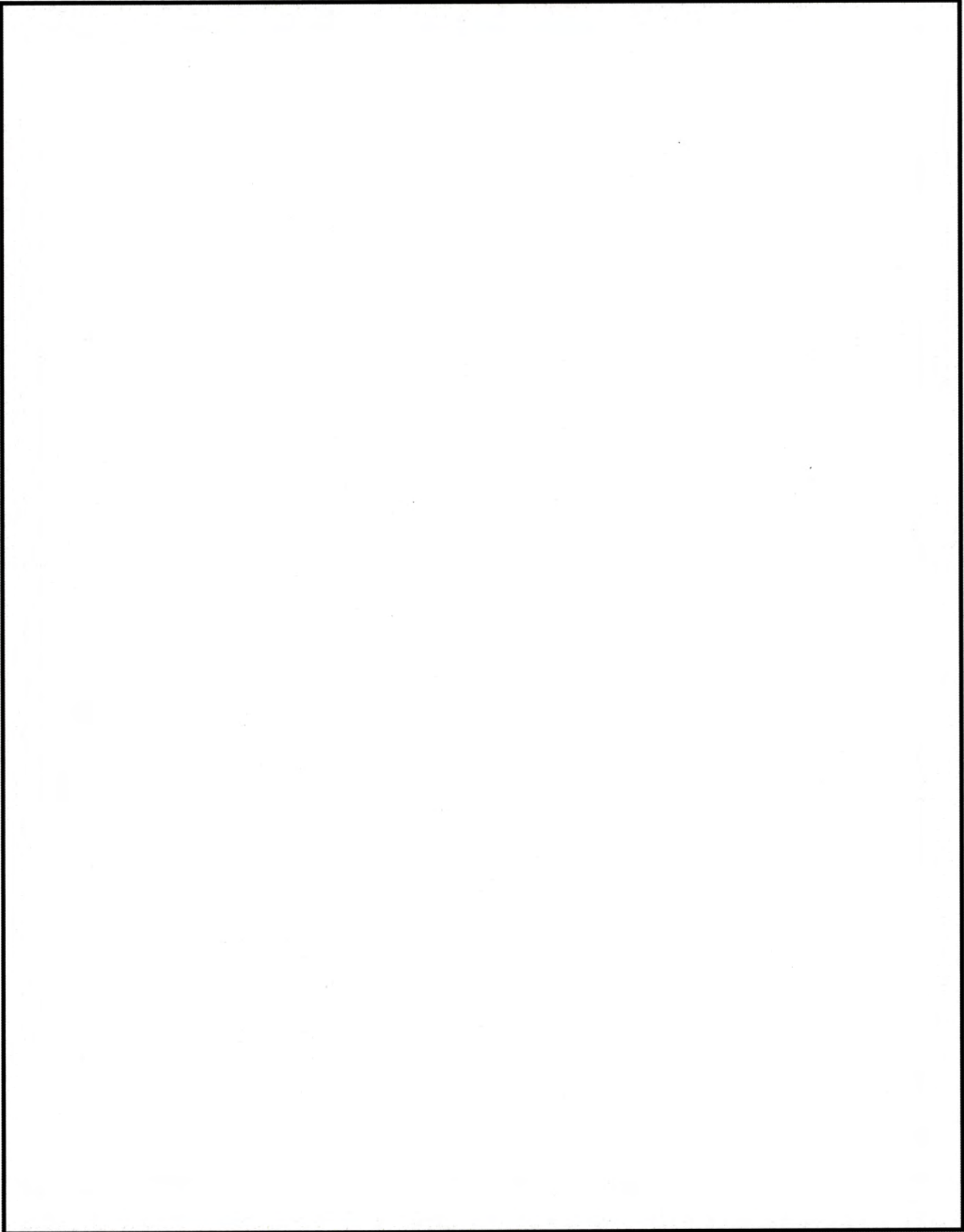
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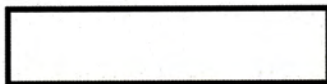
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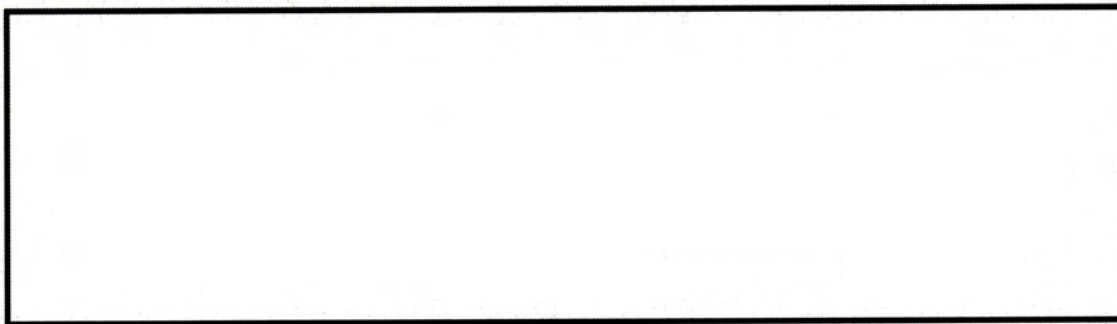
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Summary (U)

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~~(S//SI)~~ The following table indicates the status of systems or technology developed under the TRAILBLAZER components included in our review. Because NSA, DoD, and Congress determined that the TRAILBLAZER Program did not meet its objectives, our characterization indicates only what was developed as part of the TRAILBLAZER Program rather than the success or failure of a specific project. Our conclusion is that [redacted] are the efforts funded by TRAILBLAZER that have contributed most to NSA operational effectiveness.

~~(S//SI//NF)~~

Major Components of TRAILBLAZER

TRAILBLAZER Components	Funds (mil)	Technology Produced	Fielded	Current Status
[redacted]				

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Management Comments on the Finding and Audit Response

(U) Management Comments and Audit Response. The Chief of Staff for NSA provided comments on the report. NSA “agreed” that the report fairly and accurately portrays the facts related to the TRAILBLAZER Program. NSA suggested changes that would offer greater clarity to the report. We considered their comments and made changes that we deemed appropriate. See the Management Comments section for the complete text of the comments.

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Appendix A. Scope and Methodology (U)

(U) We reviewed major components that the TRAILBLAZER Program funded from FY 2000 through FY 2005. We reviewed contract documentation, invoice transactions, test reports, and e-mail correspondence dated from September 2002 through June 2006 to determine benefits that the Government received from the TRAILBLAZER investment. We also conducted interviews with program managers, engineers, contracting officers, and finance personnel. We judgmentally selected a contract that was active throughout the life of TRAILBLAZER and observed operations at selected sites.

(U) We performed this audit from November 2005 through July 2006 in accordance with generally accepted government auditing standards.

(U) We did not review the TRAILBLAZER management control program because it was not within the scope of the audit. Also, the National Defense Authorization Act for FY2004 cited that NSA acquisition management of major programs was not mature.

(U) Use of Computer-Processed Data. We did not use computer-processed data to perform this audit.

(U) Government Accountability Office High-Risk Area. The Government Accountability Office has identified several high-risk areas in DoD. This report provides coverage of the Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures high-risk areas.

Prior Coverage (U)

(U) During the last 5 years, the Inspector General of the Department of Defense and the Inspector General of the NSA have issued two reports discussing the TRAILBLAZER Program.

IG DoD (U)

(U//~~FOUO~~) Report No. 05-INTEL-03, "Requirements for the TRAILBLAZER and THINTHREAD Systems," December 15, 2004.

IG NSA (U)



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Appendix B. Report Distribution (U)

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Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
Under Secretary of Defense (Comptroller)
Under Secretary of Defense for Intelligence
Assistant Secretary of Defense for Networks and Information Integration/Chief
Information Officer

Other Defense Organizations

Director, National Security Agency/Central Security Service *
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency
Inspector General, National Geospatial-Intelligence Agency
Inspector General, National Reconnaissance Office

Non-Defense Federal Organization

Inspector General, Office of the Director of National Intelligence
Assistant Deputy Director/Senior Acquisition Executive, Office of the Director of
National Intelligence

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Select Committee on Intelligence
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Permanent Select Committee on Intelligence

* Recipient of draft report

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National Security Agency Comments (U)

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NATIONAL SECURITY AGENCY
FORT GEORGE G. MEADE, MARYLAND 20755-6000

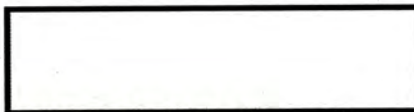
8 September 2006

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: (U) Comments on DoD IG Draft Report titled "Audit of
TRAILBLAZER Program Execution, Project D006-DINT02-
0055.000" - INFORMATION MEMORANDUM

(U//~~FOUO~~) We appreciate your audit team's willingness to provide an opportunity for us to review a Discussion Draft of the subject report, and the extent to which you incorporated our feedback into that document. We believe that, in the process to reduce the Final Draft to a more manageable size, some meaning was inadvertently changed from the Discussion Draft. These changes are of sufficient importance to us to be noted, and we respectfully request that our attached comments be considered in preparation of your Final Report.

(U//~~FOUO~~) With these limited exceptions, we believe your report fairly and accurately portrays the facts related to this Program. We look forward to receiving your Final Report.



Deputy Chief of Staff

Encl:
a/s

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The following comments are provided on the Draft Report on the Audit of TRAILBLAZER Program Execution.

1. (U//~~FOUO~~) Executive Summary, Results paragraph and Page 1, Developmental Concerns: These paragraphs begin: "TRAILBLAZER encountered significant developmental problems and was unable to pass the system development and demonstration (Milestone B) phase of the DoD Acquisition process."

(U//~~FOUO~~) RESPONSE:

2. (U//~~FOUO~~) Page 1, Developmental Concerns paragraph: This paragraph states:

(U//~~FOUO~~) RESPONSE:

3. (U//~~FOUO~~) Page 1, Objectives paragraph: This paragraph states: "The initial audit objective was to respond to a request from the Senate Select Committee on Intelligence to determine why the TRAILBLAZER Program was unsuccessful; what lessons should be learned, how to apportion responsibility for the program's problems, and what the Government received from its substantial multi-year investment."

(U//~~FOUO~~) RESPONSE:

4. (U//~~FOUO~~) Page 3, TDP Objectives: This paragraph ends:

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(U//~~FOUO~~) RESPONSE: [REDACTED]

5. (U//~~FOUO~~) Page 7, [REDACTED]

(U//~~FOUO~~) RESPONSE [REDACTED]

6. (U//~~FOUO~~) Page 9, Table: The table currently states that [REDACTED]
continues under [REDACTED]

(U//~~FOUO~~) RESPONSE: [REDACTED]

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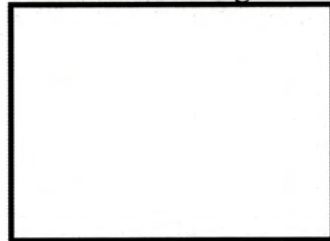
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(U)

Team Members

The Department of Defense Office of the Deputy Inspector General for Intelligence prepared this report. Personnel of the Department of Defense, Office of Inspector General who contributed to the report are listed below.

Shelton R. Young



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